

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 SS-20 SCI-06 FEA-02 INT-08

TRSE-00 PA-04 PRS-01 USIA-15 H-03 L-03 SPC-03 SAM-01

NSC-10 COME-00 CEA-02 CIEP-02 OMB-01 CIAE-00 INR-10

NSAE-00 RSC-01 DRC-01 /130 W
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P 302225Z JAN 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 2616

UNCLAS OTTAWA 0288

POUCHED INFO ALL CONSULATES IN CANADA

E.O. 11652: N/A

TAGS: ENRG CA US

SUBJECT: ENERGY: U.S. SENATE RESOLUTION ON OIL PRICES

1. CANADIAN PRESS PROMINENTLY REPORTS U.S. SENATE RESOLUTION OF JAN 29 ON IMPORTED OIL PRICES, WITH OTTAWA JOURNAL CARRYING HEADLINE: "WE'LL RETALIATE, U.S. SENATE WARNS CANADA". NEWS STORIES EMPHASIZE RETALIATORY THREAT THRUST OF RESOLUTION AND DWELL AT SOME LENGTH ON SENATOR CHILES' FLOOR SPEECH WHICH APPARENTLY DIRECTED PRIMARILY AT CANADIAN OIL EXPORT TAX AND ON HIS "DELIBERATE" TIMING ON EVE OF SIMON-MACDONALD MEETING. JORNAL, HOWEVER, ALSO QUOTES SEN. CHILES AS SAYING IN INTERVIEW FOLLOWING SENATE SPEECH THAT "THERE IS SOME VALIDITY" TO CANADIAN POSITION THAT IT IS SELLING OIL TO U.S. AT SAME PRICE IT IS PAYING TO PURCHASE OIL FOR EASTERN CANADA. GLOBE AND MAIL NOTED THAT SENATORS MANSFIELD AND SCOTT, "WHO WERE PREVIOUSLY CONSIDERED TO BE FRIENDS OF CANADA", WERE AMONG SUPPORTERS OF RESOLUTION. "CANADA HIJACKS \$6 MILLION A DAY" (QUOTE ATTRIBUTED TO SEN. CHILES) ALSO MADE SNAPPY CAPTIONS.

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2. ENERGY MINISTER MACDONALD TOLD PRESS BEFORE

DEPARTING FOR U.S. THIS MORNING THAT RESOLUTION IS "THE
KIND OF REALLY UNINFORMED COMMENT THAT I THINK WE
SHOULD TRY AND CLARIFY FOR THEM IF WE CAN," AND THAT
CANADA IS NOT GOUGIING U.S. AND THE ADMINISTRATION
UNDERSTANDS THAT EVEN IF THE SENATE DOES NOT.

3. OTTAWA JOURNAL ALSO REPORTS THAT MACDONALD SAID
UPON ARRIVAL IN WASHINGTON THAT EXPORT TAX WILL BE RE-
DUCED IF AMERICAN OIL PRICES FALL AS RESULT OF PRICE
CUTS BY OTHER EXPORTING COUNTRIES.
JOHNSON

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30 JUN 2005

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